of partisanship. I urge passage of this bill.

Madam Speaker, I reserve the balance of my time.

Mr. GOODLING. Madam Speaker, I yield myself 1 minute, just to again offer another challenge on this legislation to college and university presidents by repeating what I said earlier: A GAO study of college costs found that tuition at 4-year public colleges and universities has increased 234 percent over the last 14 years, but the median house income rose only 82 percent and the Consumer Price Index rose only 74 percent. This committee wants to know why the dramatic increases in college costs, and we want to get a handle on that so that more students will have an opportunity to attend a 4-year institution and graduate from a 4-year institution, because the number of dropouts from 4-year institutions has reached an all-time high.

Mr. McKEON. Madam Speaker, today I rise in support of H.R. 3863, the Student Debt Reduction Act. This legislation, which I cosponsored along with Chairman GOODLING and other House colleagues, allows lenders or other interested parties to pay the origination fees charged to a student upon obtaining an unsubsidized Stafford loan.

Currently, lenders are allowed to pay the origination fees on behalf of students who borrow subsidized Stafford loans. I was quite surprised to learn that the Higher Education Act, as interpreted by the Department of Education, did not provide the same benefit for students borrowing unsubsidized Stafford loans.

I support this legislation for several reasons. Most importantly, it results in lower costs for students. At a time when students and parents everywhere are worrying about paying for college, every extra dollar becomes more and more important. It also specifically prohibits any discrimination on the part of lenders when offering programs that reduce a student's origination fees. Lastly, the bill results in increased competition among lender in the student loan program, at no increased cost to the Federal Government.

This simple change to the Higher Education Act could mean a great deal to college students across the country. I urge all of my colleagues to support the Student Debt Reduction Act.

Mr. ANDREWS. Madam Speaker, I share the laudable goal of H.R. 3863, to reduce the costs to students of borrowing for educational expenses, and I applaud the Committee on Economic and Educational Opportunities for its efforts to achieve this goal by cutting student loan fees. I would note that student loan origination fees were initially intended as a temporary measure, and it is high time that we repeal this tax on borrowing for all students. However, this legislation remains flawed, because it will create an unpredictable and unequal student loan system, in which some students will see their loan fees cut, while other students will receive no benefit.

As originally written H.R. 3863 would have given lenders the discretion to pay loan origination fees for some borrowers but not others. In all likelihood, the lenders would waive the fee for the most affluent students, who are better lending risks, in order to attract their business. Thus, the most needy students would have been required to pay more to participate in the same lending programs as affluent students. Thus, the bill would have created incentives for lenders to pay the fee for students who are perceived as better lending risks. As a result, certain institutions would have a competitive advantage over others. This would have forced smaller lenders out of business, and might have led to less access to loans for needy students.

To address these concerns about potential discrimination among students and schools, I offered an amendment in committee, which I was pleased was adopted, to help prevent this possible unintended consequence of H.R. 3863. My amendment makes clear that lenders cannot vary the fee that they charge to student borrowers based on their credit risk. Additionally, my amendment gives the lender some discretion to further cut the origination fee for some student borrowers if they, in fact, show a greater need. Lenders, thus, are prohibited from discriminating against lower-income students and are empowered to offer them further assistance at their discretion.

Unfortunately, the bill as currently written would permit lenders to pay origination fees for some students, but would not provide the same opportunity for cost savings to students who receive loans under the Direct Loan Program. The result will be discrimination among students based on the program from which they receive their student loans.

Students, colleges and universities, and the taxpayers are best served if there is free, open competition and choice. Competition means that students and families can evaluate all the different loan options available to them and make the choice that is best for them. To ensure free competition in the student loan arena, the basic ground rules should be equal for all kinds of loans.

Loan fee cuts must be applied equitably to benefit students without regard to whether their institution participates in the Federal Family Education Loan Program [FFEL], the Direct Loan Program, or both. It is important to keep terms and conditions as nearly the same as possible, both to provide a level playing field so that students and institutions continue to benefit from the healthy competition that currently exists between the two programs, and to ensure that students in equivalent financial situations are treated equally. We should not only reduce the fees on the bank- and guaranty agency-based unsubsidized loans, but we should also extend that fee reduction to students who receive direct loans.

If it is a good idea to reduce these fees for students who borrow from banks or from guaranty agencies, then it is an equally good idea to extend that same opportunity to all students who would borrow from the Direct Student Loan Program. This committee has the opportunity to provide relief to all students, regardless of where they get their loan, while achieving our goal of a balanced Federal budget.

Cutting fees will help students who are faced with rising college costs and declining Federal aid. Over the past 15 years—1980–95—tuition at private 4-year higher education institutions has increased by 89 percent and at public 4-year institutions by 98 percent. In the same period of time, median family income has increased by 5 percent and student financial aid per student has increased by 37 percent. Clearly the ability of students and their families to pay for higher education has diminished significantly. Student financial aid has clearly not kept pace with rising costs. In the mid-1970's about 76 percent of the financial aid which students received from Federal programs was grants and 21 percent was loans. In the mid-1990's the proportions have been reversed, with 26 percent of the Federal student aid in grants and 72 percent in loans.

Another problem with H.R. 3863 is that guaranty agencies could take the so-called excess reserves accumulated from students who have already borrowed money, draw down those excess reserves in order to help finance this cut in the fees, and in effect, use the money paid by a student 5 years ago under a fee to help reduce the fee for a student who borrows next year. Banks would not have that same opportunity to get capital at basically no cost, nor would the Federal Government. In order to level that playing field, we should cut loan fees for all students, whether they borrow from a guaranty agency, a bank, or the Federal Government through direct lending.

To pay for fee reductions for all students, regardless of where they get their loan, we should apply savings already identified in the budget process but not yet used: recovery of these excess guaranty agency reserve funds and an increase in the lender loan fee. We have already concluded in our budget process that lenders and guaranty agencies are in a better position to bear these costs than students are.

In summary, under H.R. 3863, students who take out an unsubsidized loan from a guaranty agency or a bank get a fee cut, which will lower their cost of borrowing for school. Yet their next-door neighbors on campus, with the same family income and the same tuition, who happen to receive their loan through the Direct Loan Program, are not offered the same savings. This inequity makes no sense, and it is a serious flaw in the legislation.

Mr. GOODLING. Madam Speaker, I yield back the balance of my time.

Mr. KILDEE. Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Ms. GREENE of Utah). The question is on the motion offered by the gentleman from Pennsylvania [Mr. GOODLING] that the House suspend the rules and pass the bill, H.R. 3863, as amended.

The question was taken.

Mr. GOODLING. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. GOODLING. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.